

# Part 4 F

## Financial Procedure Rules

## ***Part 4F - Financial Procedure Rules***

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## ***Part 4F - Financial Procedure Rules***

### **RULE 1**

#### ***Application of Rules***

- (a) These Rules set out the main financial management requirements of the County Council. They state what these are and who is responsible for preparing, authorising and acting on them. The Rules apply to the Executive and Committees and to officers of the County Council. They also apply to any person acting on behalf of the County Council. Amendments to the Rules will be made by the County Council on the recommendations of the Corporate Governance Committee.
- (b) The Executive shall make arrangements for the proper administration of the financial affairs delegated to it. The County Council or Corporate Governance Committee on its behalf, may make, amend or revoke the Standard Financial Instructions and the Executive will be responsible for ensuring that they are followed. The Standard Financial Instructions will be proposed by the Chief Financial Officer and will not form part of these Rules. The Standard Financial Instructions will cover the more detailed procedures required for the control of capital programme and revenue budgets, contracts, ordering, payments, imprest accounts, stocks and assets, income collection, banking, insurance and unofficial funds.
- (c) Where Special Rules are produced, on for example local management of schools, the financial arrangements should follow the requirements of those Special Rules and the Standard Financial Instructions.

### **RULE 2**

#### ***Responsibility of the Chief Financial Officer***

- (a) The Chief Financial Officer is responsible for the proper administration of the County Council's financial affairs under the requirements of Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988.
- (b) Having informed both the Executive and Corporate Governance Committee, the Chief Financial Officer will report to the full County Council if in his or her opinion any significant failure in the proper administration of the Council's affairs is occurring.
- (c) To fulfil their statutory duty the Chief Financial Officer may issue Accounting Instructions to complement these Rules and the Standard Financial Instructions.
- (d) The Chief Financial Officer will be responsible for the provision of corporate budgeting and accounting systems, including the establishment of reserves and provisions.

- (e) The Chief Financial Officer will provide guidance on the control of the delegation of budgets by chief officers.
- (f) In monitoring the application of these Rules and the Standard Financial Instructions, the Chief Financial Officer will identify (and propose) any amendments to them which would enable the County Council to take advantage of developments in electronic methods, provided that any such amendments would retain a degree of security which is similar to that provided by traditional paper-based systems.

**RULE 3**  
***Responsibility of chief officers***

- (a) Chief officers of departments are responsible for the management of the resources made available to them by the County Council to achieve its objectives and to meet the Annual Plan. When doing this they must act in accordance with these Rules and Standard Financial Instructions. They should also follow any financial requirements laid down in the Contract Procedure Rules and the General Scheme of Delegation to Heads of Departments. Where responsibilities for management of resources are delegated, the chief officer should ensure that the authorised person is familiar with these Rules, the Contract Procedure Rules, the General Scheme of Delegation to Heads of Departments and the Standard Financial Instructions.
- (b) Chief officers should also make authorised persons aware of financial requirements contained in Acts and associated Parliamentary directives specific to the services for which they are responsible.
- (c) The chief officer when deciding to delegate authority to a representative should consider the duties of that representative in relation to the level of delegated authority. They may choose to place financial limits on the authorisation levels allowed.
- (d) Chief officers shall consult and take into account financial advice given by the Chief Financial Officer including guidance on delegation of budgets. They will also be responsible for providing financial information when requested by the Chief Financial Officer.
- (e) Chief officers should ensure that corporate guidance is followed with respect to the governance and financial aspects of partnerships.
- (f) Chief officers must ensure that a financial control framework is in place for the operation of key partnerships.

**RULE 4*****Application to subsidiary accounts***

These Rules and the Standard Financial Instructions will apply to all accounts maintained by the County Council including subsidiary accounts. The Executive may make special arrangements, however, to take account of the different needs of such accounts.

**RULE 5*****Changes to service provision***

Where the Executive considers there may be a need to change the policy on provision or delivery of services, it shall consider a written report by the appropriate chief officer. In this the chief officer will be required to set out the need for the change and the resources implications. They will also be required to state whether the change is likely to involve a Key Decision. The expected financial implications should include both part year and full year effects. In addition, if material changes are expected to occur in the longer term a financial assessment of these should be included. If necessary, the statutory authority to incur expenditure or raise income should also be included.

**RULE 6*****Changes in expenditure levels***

Any new or increased level of expenditure, whether capital or revenue, shall be properly authorised before any commitments are entered into. Funding arrangements must be agreed in accordance with these Rules or the Standard Financial Procedures.

**RULE 7*****Capital programmes***

- (a) Chief officers will prepare proposals for capital expenditure, in consultation with the relevant technical department, covering the categories and years and within any guidance and guidelines specified to them by the Executive. These proposals will be in a form prescribed by the Chief Financial Officer and will include both the capital costs and an estimate of the full additional annual revenue implications. The Executive will consider these. The Executive's proposals to the County Council will be subject to consultation with the Scrutiny Commission.
- (b) Inclusion of projects in a capital programme shall not override any requirement to obtain approval to new policies or changes in policies.

- (c) When the full County Council has given its approval, and in accordance with Finance Procedure Rule 22 regarding property matters, capital expenditure included in the first year of the programme may commence without further approval unless this is required by Government Departments or other outside bodies.
- (d) Commencement before the planned programme year can be approved by the Chief Financial Officer provided they is satisfied that resources are available within the overall four year programme.

#### **RULE 8**

##### ***Implementation and amendment of approved capital programme***

- (a) When the capital programme has been approved, the designated chief officer will be responsible for controlling expenditure on each project agreed.
- (b) Amendments to the capital programme, including their revenue implications, will be subject to the arrangements outlined in the Standard Financial Instructions. This is unless they are deemed by the Chief Financial Officer to involve a Key Decision, in which case there may be a need for consultation with the Scrutiny Commission, approval by the Executive and possible further approval by the County Council.

#### **RULE 9**

##### ***Capital expenditure - accountability and performance***

The Executive will make arrangements through the Chief Financial Officer to control and monitor total capital spending. The Executive and the Scrutiny Commission will receive financial statements. The Chief Financial Officer will also report the final position to the Executive and the Scrutiny Commission.

#### **RULE 10**

##### ***Financial planning***

- (a) The Executive may require that all chief officers prepare estimates within any specified guidelines of future expenditure and income to cover a stipulated time period. The plans will be prepared in a form specified by the Chief Financial Officer. The plans will be considered by the Executive and they will include such additional information and explanations as may be required by the Executive. Where the Executive submits proposals to the full County Council, these will be subject to consultation with the Scrutiny Commission.
- (b) Where Government Departments and other bodies require submissions of estimates of expenditure and income in future years, these shall be in accordance with plans and policies approved by the full County Council or the Executive. They must also comply with any guidance given by the full County Council or the Executive. No new expenditure shall be

committed in advance of the approval of the annual budget unless this is agreed by the Executive.

#### **RULE 11**

##### ***Annual budgets and financial plans***

- (a) The chief officer of a department will be responsible for preparing an annual revenue budget of expenditure and income. The budget will be prepared following such guidance and within such limits as specified by the Executive or County Council. The Chief Financial Officer will co-ordinate the production of budgets and ensure they are prepared in a consistent manner.
- (b) The process by which the budget is eventually approved by the County Council is set out in the Budget and Policy Framework Procedure Rules (Part 4C).

#### **RULE 12**

##### **Implementation and amendment of approved revenue budgets and plans**

- (a) When the annual revenue budget has been approved the appropriate chief will be responsible for ensuring expected income is received and budgeted expenditure is not exceeded.
- (b) The Executive will be responsible for maintaining a control over the total of County Council's revenue expenditure and income.
- (c) Amendments to the approved annual revenue budget will be subject to the virement arrangements specified in the Standard Financial Instructions. This is unless they are deemed by the Chief Financial Officer to involve a Key Decision, in which case there may be a need for consultation with the Scrutiny Commission, approval by the Executive and possible further approval by the County Council.

#### **RULE 13**

##### ***Accountability and performance***

- (a) Procedures for the collection of income and making of payments against budgeted expenditure will be laid down in the Standard Financial Instructions.
- (b) Chief officers will be responsible for ensuring that appropriate arrangements are made, on a regular basis, to monitor performance against budgets and financial forecasts. Any potential difficulties shall be reported in writing immediately to the Chief Financial Officer.
- (c) The Executive will receive regular budget monitoring reports from the Chief Financial Officer and will monitor overall performance.

- (d) The Chief Financial Officer will co-ordinate the production of final accounts and ensure they are produced in a consistent manner. The Chief Financial Officer will prepare a summary of the final accounts for approval by the Executive and consideration by the Scrutiny Commission. The Statements of Accounts will be approved by the Corporate Governance Committee.

#### **RULE 14** ***Reviews***

- (a) Chief officers are responsible for undertaking regular reviews of services under their control. In particular, consideration should be given to actual performance against approved targets for the service and the requirements of Best Value.
- (b) When undertaking reviews chief officers will need to take into account guidance provided by the Chief Executive in his or her capacity of review co-ordinator.
- (c) The Executive may require chief officers to report on the performance of any aspect of the services within their area of responsibility. In addition it may require them to provide explanations on performance indicators and other related information published by the Government or the National Audit Office.
- (d) The Scrutiny Commission or the other overview and scrutiny committees may require chief officers (and where specifically required Executive members) to report on the performance of any aspect of the services within their area of responsibility. This would include the results of comparative performance and value for money studies. The extent of the review will be bound by the terms of reference and the rules relating to the committee.

#### **RULE 15** ***Internal audit***

- (a) Responsibility for arranging a continuous internal audit of the County Council's financial management arrangements will be delegated by members of the County Council to the Chief Financial Officer.
- (b) The Chief Financial Officer or an authorised representative has authority to:-
- (i) enter any Council building or land at all reasonable times;
  - (ii) have access to all records, documents and correspondence relating to any transactions of the Council;
  - (iii) receive such explanations as they consider necessary on any matter under examination; and

- (iv) require any employee of the Council to produce cash, stores or any other Council property under his or her control.
- (c) Chief officers (or where appropriate the Executive) will be responsible for considering and taking appropriate action on matters drawn to their attention by audit reports.

#### **RULE 16**

##### ***Internal control and check***

The duties of staff concerned with financial transactions should, as far as is practicable, be distributed with regard to the principles of internal control and check. Chief officers should consult the Chief Financial Officer (or his or her authorised representative) when this is not considered practicable or when changes to financial arrangements are being proposed so that the Chief Financial Officer or his or her authorised representative can ensure proper financial systems will still be in place.

#### **RULE 17**

##### ***Financial irregularities***

The Chief Financial Officer and the Director of Law and Governance shall be notified immediately by chief officers of any financial irregularities, or of any circumstances which may suggest the possibility of an irregularity, affecting any asset of the County Council.

#### **RULE 18**

##### ***Appointment of employees***

Proposals made by chief officers to appoint employees or alter grades need to take into account both current and future years funding and potential termination costs, where the proposals relate to a fixed time scale.

#### **RULE 19**

##### ***Redeployment or redundancy***

- (a) The Chief Financial Officer will present an Organisational Change report to the Employment Committee on a quarterly basis which provides information on the number of redundancies.
- (b) When preparing an Action Plan, the Chief Officer will have due regard to the requirements of the County Council's Organisational Change Policy. Chief Officers shall consult the Chief Financial Officer over Action Plan proposals and where the Action Plan results in additional costs, the Chief Financial Officer must give approval.

**RULE 20**  
**Personnel rules**

Chief officers must abide by any rules approved by the Executive or a chief officer under powers delegated to him or her, which are mandatory to the service.

**RULE 21**  
***Property records and deeds***

- (a) A terrier of all land, buildings and interests owned by the County Council will be maintained by the Chief Financial Officer in a form approved by the Director of Law and Governance.
- (b) The Director of Law and Governance will be responsible for the custody of all title deeds.

**RULE 22**  
***Property acquisition, development, disposal and review***

- (a) The Executive will be responsible for acquisition, disposal and allocation of land and buildings as requested by the Chief Financial Officer, following consultation with departments.
- (b) The Chief Financial Officer will be responsible for a continuing review both of the purpose for and the efficient utilisation of all land and buildings owned or used by the County Council. They will provide regular reports on these subjects to the Executive.
- (c) The Chief Financial Officer will regulate the administration of the purchase, lease, disposal, management and repair and maintenance of land and buildings.

**RULE 23**  
***Property management***

- (a) Chief officers will undertake the responsibilities of a tenant for the properties they use, unless specifically agreed otherwise with the Chief Financial Officer.
- (b) They shall take advice from the Chief Financial Officer on leasing, letting and changes in use of property. They should also take advice from him or her on maintenance and property management. It is important that special attention is given to compliance with Fire Certificates and Health and Safety Regulations.

The Chief Financial Officer will act as the Corporate landlord for County Council properties. In addition where buildings have joint use, they may also undertake some of the responsibilities of the tenant.

#### **RULE 24**

##### ***Information and communication technology***

- (a) **Corporate Strategy** Chief officers will comply with the relevant sections of the IT & Digital Strategy. The I&T Service should be consulted on any proposed purchase of systems or any major changes to existing systems and/or IT equipment. I&T will provide specialist advice, including technical standards and specifications that apply and will ensure satisfactory links with other systems where appropriate.
- (b) **System Developments and Amendments** Where developments of or material amendments to systems take place that affect financial procedures, then chief officers shall inform the Chief Financial Officer. The Chief Financial Officer or his or her authorised representative will stipulate the standards of control required.
- (c) **Control and Security** Chief officers are responsible for the overall management and control of their own computer systems. Departmental Information Asset Owners are responsible for the security and privacy of data held by the system. Where central and other users' systems are accessed, they are responsible for ensuring agreed controls are complied with. Instructions on how to carry out these responsibilities are included in the Information and Data Governance Policy and the IT & Digital Strategy.

#### **RULE 25**

##### ***Purchasing and income collection***

Purchasing and collection officers must follow the requirements laid down in these Rules, the Contract Procedure Rules, the Standard Financial Instructions, the General Scheme of Delegation to Heads of Departments, and any specific delegated powers of Heads of Departments.

#### **RULE 26**

##### ***Inventories of assets***

- (a) Chief officers will be responsible for the safe keeping and condition of County Council assets under their control. They will also maintain an up to date inventory. The Chief Financial Officer will issue instructions on which assets should be included in these.
- (b) The Corporate Governance Committee will have power to make Standard Financial Instructions on the checking, usage and disposal of assets.

**RULE 27**  
***Stocks and stores***

- (a) Chief officers will be responsible for the custody and physical condition of the stocks and stores under their control. The levels of stocks shall not exceed reasonable requirements.
- (b) The Corporate Governance Committee will have power to make Standard Financial Instructions on the control, checking, valuation and disposal of stocks.

**RULE 28**  
***Pension fund investments***

- (a) Purchase and sales of investments will be made by the Local Pension Committee's authorised representatives in accordance with the policies approved by the Local Pension Committee. The Committee may call upon both internal and external advisers to assist it in formulating and implementing these policies.
- (b) Securities relating to Pension Fund investments will be held by representatives of the Local Pension Committee. In circumstances where it is impractical or not legally possible for the investments to be held in the name of the County Council, the investments will be registered in the name of, and held by, a nominee company.
- (c) The Chief Financial Officer is authorised to sign contracts such as investment management agreements and custody agreements, in order that the investment and administration of Pension Fund monies can be carried out efficiently and in line with the policies approved by the Local Pension Committee.

**RULE 29**  
***Treasury management***

- (a) The County Council in making decisions on borrowing and lending will have due regard to the requirements of the CIPFA Code of Practice on Treasury Management in Local Authorities.
- (b) A Treasury Policy Statement setting out strategy and procedures shall be adopted by the Executive.
- (c) The Chief Financial Officer when exercising powers delegated to him or her will have due regard to the requirements of the CIPFA Code of Practice and CIPFA's Guide for Chief Financial Officers.

- (d) The Chief Financial Officer will provide the Executive with an annual report on the Treasury Management operation, which will enable the Executive to monitor the implementation of the approved policy.
- (e) The Chief Financial Officer will be responsible for the borrowing and repayment of money on behalf of the County Council.
- (f) The Chief Financial Officer shall be consulted prior to entering into any leases.
- (g) Before the responsible officer enters into a leasing agreement a full understanding of the commitment that is being made on behalf of the Council is essential. The Chief Financial Officer and Director of Law and Governance should be consulted if further advice is required.
- (h) The leasing of an asset may relate to the award of a specific contract. Where this is the case the Chief Financial Officer shall be consulted prior to the award of the contract.
- (i) The Chief Financial Officer will be responsible for the investment of surplus funds.

**RULE 30**  
***Risks and liabilities***

Chief officers should have due regard to operational and financial risks and liabilities when considering alternative policies. They also need to consider potential physical risks to persons and assets. In doing so they need to follow the risk management strategy.

**RULE 31**  
***Insurance***

The Chief Financial Officer will be responsible for arranging or amending insurance cover. This will be in accordance with policies laid down by the Executive.

**[end of Financial Procedure Rules]**

## **Standard Financial Instructions**

### **Standard Financial Instructions**

*[Note: the following Standard Financial Instructions were formally approved by the County Council when adopting this Constitution for the first time. Future amendments to these Instructions will be made either by the full Council or Corporate Governance Committee under the authority given by Rule 1(b) of the Financial Procedure Rules. Although, unlike the Constitution itself, these Instructions do not require formal approval of the County Council, they are nevertheless included here for the sake of completeness and will be updated as necessary, to reflect any amendments made.]*

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## ***Standard Financial Instructions***

*(made under Rule 1(b) of the Financial Procedure Rules)*

### **INSTRUCTION 1**

#### ***Capital - expenditure in excess of approved amount***

- (a) Where a specific approval given in the capital programme is likely to be exceeded the appropriate Chief Officer will consult with the Chief Financial Officer.
- (b) The Chief Financial Officer may approve increases in expenditure where compensating savings are being made or funding is available and there is no change in policy. In any particular instance, the Chief Financial Officer may decline to give approval and instead refer the proposal to the Executive. No additional expenditure should be committed prior to the appropriate approval.

### **INSTRUCTION 2**

#### ***Changes to the Capital Programme***

The Chief Financial Officer may approve requests to add or amend schemes within the capital programme, providing that they are totally funded, there is no overall increase in future revenue costs, there is no change in overall policy and subject to reporting any changes to the Executive and Scrutiny as part of the next MTFs monitoring report. In any particular instance, the Chief Financial Officer may decline to give approval and instead refer the proposal to the Executive.

### **INSTRUCTION 3**

#### ***Grants and External Funding***

Unless already included in the Medium Term Financial Strategy (MTFS) bids for external funding must be agreed with the Chief Financial Officer. He can approve bids where there is no additional one off or ongoing costs to the Authority for which there is no budget, capital programme or other provision.

Approval must be obtained from the Chief Financial Officer to any contingent liabilities for repayment should any conditions not be met, with any associated agreement being made with the approval of the Director of Law and Governance.

In other cases the approval of the Executive is required.

**INSTRUCTION 4**  
***Revenue – virement***

- (a) In order to maintain effective and responsive services to meet the needs of the people of the County it is acknowledged that spending on individual budget heads may vary from the approved budget. This is permissible (subject to (b) and (c) below) so long as the total departmental budget is not exceeded.
- (b) Virement (either between individual lines or sections of the approved budget) is allowed except where it would involve:-
- i. a change in an existing policy;
  - ii. a reduction in service;
  - iii. on-going net costs which might not be containable;
  - iv. funding which has been included in that year's budget for service improvements above the limit of £20,000 or 5%, whichever is the greater.
  - v. the situation where the overall Council budget is forecast to be overspent.

The above will require the prior approval of the Executive, may constitute a Key Decision and may require the approval of the County Council. The Executive may consult the Chairman of the Scrutiny Commission if it considers that the nature of the proposal is such that the views of an overview and scrutiny committee should be canvassed.

- (c) Before submitting a virement proposal which falls under (b) above to the Executive for approval, the chief officer shall consult the Chief Financial Officer and shall include in his or her report to the Executive the justification for the change in priorities and any comments of the Chief Financial Officer. If the expenditure proposal is for longer than the current financial year, the chief officer must demonstrate that the proposed corresponding saving will also be continuing. This change will then be built into the ongoing budget.
- (d) Member approval is not required where a budget will continue to be used for the approved purpose but is being moved, for example, to reflect a change in budget holder responsibilities. Such transfers will however require the approval of the relevant Finance Business Partner(s).
- (e) Regular budget monitoring reports shall be made to the Executive and Scrutiny Commission identifying the main variations in expenditure in order that virement can be questioned as appropriate.

**INSTRUCTION 5*****Revenue - supplementary estimates***

- (a) A supplementary estimate approval means that not only do individual budget approvals increase, but the total approved departmental budget increases. Requests must be approved by the Executive and may constitute a key decision. The Chief Financial Officer must be consulted before a report written by the chief officer is submitted to the Executive.
- (b) Requests should result only from new legislation or other unforeseen and exceptional circumstances. Chief officers would be expected to show virement is not available to fund the proposal. Supplementary estimates may be approved but budget adjustments deferred whilst it becomes clearer whether costs can be met from elsewhere within the relevant budget.
- (c) No expenditure should be committed prior to Executive approval.

**INSTRUCTION 6*****Revenue – carry forward of over or underspendings***

- (a) The Executive may authorise adjustments in a department's current year's budgets for underspendings or overspendings incurred in the previous financial year.
- (b) The Chief Financial Officer may agree the carry forward of an underspending on all budgets subject to any guidelines laid down by the Executive. They may do this only when the total departmental budget is underspent by more than the requested carry forward.
- (c) Within an approved budget line special rules may apply to carrying forward over or under spendings. An example of these is local management of schools. The relevant Guidance Manuals will include the limits on types of carry forwards.

*[Note on Guidelines: The Cabinet at its meeting on 27 June 2006 agreed that the Chief Financial Officer should be allowed to approve carry forwards where the money is to be spent for the purpose for which it was originally allocated in the budget. Where the carry forward is to be used for a different purpose (i.e. effectively comprising virement) the Chief Financial Officer should be allowed to approve items up to £100,000 with the following exceptions, where Cabinet approval is required:-*

*Where a carry forward would result in an overspending position on the department's budget*

*Where a carry forward would represent a change in existing policy*

*Where ongoing costs might result.*

### **INSTRUCTION 7**

#### ***Contracts***

- (a) All contracts should be dealt with in accordance with the Contract Procedure Rules set out in Part 4G of the Council's Constitution.

#### **Capital Contracts**

- (b) The appropriate chief officer will be responsible for the maintenance of all financial as well as technical records for contracts of a capital nature.
- (c) Where building, construction or other capital contracts provide for payment to be made by instalments on the certificate issued by an authorised officer, the records must show the state of account on each contract between the County Council and the contractor together with other payments and related professional fees.
- (d) Payments to contractors in respect of all contracts must be authorised only by a certificate signed by the person made responsible by the contract for issuing such certificates (i.e. "the Certifying Officer" or authorised deputy). In the case of external Architects, Quantity Surveyors, Engineers or Consultants, certificates must be countersigned as to validity by the appropriate chief officer who appointed them. The form of the certificate must be agreed by the Chief Financial Officer. The Certifying Officer will be responsible for the correct certification of all aspects of contract payments and for ensuring the correct completion of all associated contract documentation.
- (e) The Certifying Officer will ensure that all contract documentation is properly completed before the contractor's final account is paid.
- (f) Prior to issue of final certificates the Chief Financial Officer will, to the extent they consider necessary, audit accounts for contracts. They will be entitled to make all such enquiries and receive such information and explanations as they may require in order to satisfy himself or herself as to the accuracy of the accounts.
- (g) Chief officers should actively try to promote an agreement with contractors on outstanding issues, where work was completed over two years ago.
- (h) Claims from contractors in respect of matters not clearly within the terms of any existing contract must be referred to the Director of Law and Governance for consideration of the Council's legal liability before a settlement is reached. The Chief Financial Officer must also be informed of the amount of such claims before final settlement to enable him or her to consider the financial implications.

- (i) Where completion of a contract is delayed beyond the due date for completion by more than one-sixth of the contract period, it will be the duty of the responsible officer under the contract, after consultation with the Director of Law and Governance and spending department, to take appropriate action in respect of any claim for liquidated damages. The responsible officer may decide that liquidated damages should not be applied. This should be reported to the Executive subject to any guidelines set down by the Executive.

### **Professional Fees**

- (j) Where staff are not charged to projects on a fee basis, the appropriate chief officers will supply the Chief Financial Officer with details of the cost of staff and external consultants employed on capital work.
- (k) In all cases an agreement with a private firm or individual shall require them to comply with the Contract Procedure Rules (Part 4G) and to give the same facilities to the Chief Financial Officer as required of chief officers of the Council by its instructions and procedures.
- (l) Where external consultants are to supervise work, the contracting chief officer is responsible for ensuring that they receive regular written reports covering the physical and financial progress of that work and for taking any appropriate action on the basis of progress reports.

### **INSTRUCTION 8**

#### ***Orders for work, goods and services***

- (a) Orders for work, goods and services must not be placed unless the expenditure to be incurred is in accordance with the Financial Procedure Rules (Part 4F), the Contract Procedure Rules (Part 4G) and the Council's Procure to Pay policy as set out by the Chief Financial Officer.
- (b) The County Council has adopted a 'No Purchase Order, No Pay' principle. No commitment should be made without a Purchase Order and contract/legal agreement being in place, except where exemptions have been agreed by the Chief Financial Officer.
- (c) Where urgent orders are given informally, they must be confirmed by an official Purchase Order not later than the next working day following the day in which the oral order is given.
- (d) Orders must be placed using the Council's Finance System, unless the Chief Financial Officer has agreed to alternative arrangements for specific classes of transaction. Orders must be authorised only by officers designated by the appropriate chief officer who are authorised to approve on their behalf and in line with the Council's financial scheme of delegation. Before placing an order, Budget Managers must satisfy

themselves that this would be proper expenditure and would be within the appropriate approved budget.

- (e) The Chief Officer of each department will be responsible for ensuring the validity of all orders issued and is in line with departmental plans.
- (f) Oracle Fusion is the Council's Finance system for creating purchase orders, generating payments and accounting for related transactions. Only line of business systems, approved by the Chief Financial Officer, should be used to interface purchase orders and payment files to Oracle for the generation of the purchase order and payment.
- (g) Departments must obtain goods, works or services in a manner and from sources which demonstrate best value for money for the Council and in compliance with the Council's Contract Procedure Rules. Chief Officers are responsible for obtaining goods, works or services that have been procured under a corporate contract or framework or they must seek exception and approval in advance, to source items from alternative sources.

#### **INSTRUCTION 9**

##### ***Payments of invoices and claims***

- (a) Invoices should be on suppliers' official forms and must pass invoice validation requirements, as set out in the Council's payment terms. Each invoice must contain a valid official County Council Purchase Order number, unless an exception agreed by the Chief Financial Officer is in place. Suppliers should email their invoices direct to the Finance Service Centre email address, except where alternative arrangements have been agreed by the Chief Financial Officer.
- (b) The Chief Financial Officer is authorised to make all payments as they become due out of the General County Fund, its subsidiary accounts, and the Pension Fund. The payment validation system within departments should ensure that expenditure has been reviewed and validated by an officer authorised by the Chief Officer.
- (c) Before approving a Purchase Order or expense claim the approving officer must satisfy themselves that the expenditure is valid, appropriate budget exists and that it is allocated to the correct expenditure head.
- (d) All claims for the payment of employee travel and expenses must be submitted and approved in Oracle Fusion using the expenses process, unless alternative arrangements have been agreed by the Chief Financial Officer. Claims must be submitted promptly. Claims which are for a period over 3 months old will not be paid unless there are extenuating circumstances.

- (e) For payments made via other approved payment methods, as set out in the Procure to Pay Policy, the approving officer must satisfy themselves that the expenditure is valid, appropriate budget exists and that it is allocated to the correct expenditure head.
- (f) The Chief Financial Officer will examine, so far as they consider necessary, invoices and claims passed for payment and will be entitled to receive such information and explanations as required. For this purpose all documents relating to the payment, evidence of payment validation and goods receipt must be placed at their disposal.
- (g) Where the Chief Financial Officer considers it appropriate, they will call the attention of the chief officer and, if necessary, the Executive to any item which has been passed for payment. They will also report to the Executive on any such item which they consider for any good reason should not be paid.
- (h) Schools operating under Local Management are subject to specific regulations. These are contained in the LMS Scheme of Delegation.
- (i) Schools operating under Local Management are subject to specific regulations. These are contained in the LMS Scheme of Delegation.

#### **INSTRUCTION 10**

##### ***Imprest accounts and Procurement Cards***

- (a) The Chief Financial Officer may in consultation with the appropriate chief officer, provide imprest accounts where necessary for defraying petty cash and other minor expenses. Persons responsible must maintain a record of their receipts and payments in the form and manner prescribed by the Chief Financial Officer.
- (b) The Chief Financial Officer may in consultation with the appropriate Chief Officer, provide Procurement Cards (pCards) where the type of spend or the practicalities preclude the purchaser from using the Council's usual ordering and invoicing processes in an efficient way. Persons responsible must ensure the pCards are only used in accordance with the Council's scheme, have consideration of the Contract Procedure Rules where appropriate, be for the approved purposes of the department and maintain appropriate records.
- (c) The Chief Financial Officer may issue instructions as to the type and level of expenditure which should be met out of the imprest account or with pCards. Such expenditure must be supported by receipted vouchers to the extent that the Chief Financial Officer may require.

- (d) The holder of the pCard will be responsible for all transactions performed with their assigned card and must support the scheme administrators in the resolution of queried transactions. The card holder is additionally responsible for providing supplementary information required under the scheme to support VAT claims and updates to the Council's financial systems. Chief Officers are required to ensure monitoring is in place to verify that pCards within their department are used in accordance with the Council's scheme.
- (e) An official subsidiary bank account will be opened by the Chief Financial Officer in cases where they consider this to be necessary. Where such a bank account is opened in no circumstances will an overdraft be allowed.
- (f) Chief officers must arrange for the Chief Financial Officer or his or her authorised representative to be notified as early as possible whenever a person holding an imprest account ceases to be responsible for the account. The name of the new holder will be similarly notified when this is known. Equally the Chief Financial Officer must be notified when a pCard holder leaves the Council or transfers between cost centres to allow withdrawal or amendment of the pCard as appropriate.
- (g) No income received on behalf of the Council, other than the reimbursement received from the Chief Financial Officer, may be paid into an imprest account without prior consent of the Chief Financial Officer. Income must be banked separately or paid to the County Council as described elsewhere in these procedures.
- (h) pCards and imprest accounts are provided to allow officers to carry out their Council duties in a more efficient manner and are not provided for personal use. Specifically postal orders or personal or other cheques must not be cashed from monies held in an imprest account. Personal loans must not be made from such accounts, nor should loans be made to unofficial funds. Any accidental use must be reported to the Budget Holder and Chief Financial Officer as soon as it is discovered and LCC reimbursed.
- (i) Reimbursement of monies spent should be made by the Chief Financial Officer, except where they agree to provide payments on account. In all cases imprest accounts will be made up to 31 March each year, subject to any exceptions agreed by the Chief Financial Officer. The Chief Financial Officer will determine the method of payment to settle the outstanding balances on pCards.

#### **INSTRUCTION 11**

#### ***Stocktaking and consequential action***

- (a) Stocks and stores records must be kept in such cases and in a form as may be agreed by the chief officer or his or her authorised representative with the Chief Financial Officer. There must be a complete independent stocktaking i.e. not carried out by the storekeeper or his or her staff, at

least once in every financial year. The exception to this is where continuous stocktaking arrangements, agreed with the Chief Financial Officer, are operating. Test checks will also be made from time to time.

- (b) The value of stocks held at 31 March each year must be certified by the appropriate chief officer or his or her authorised representative and supplied to the Chief Financial Officer.
- (c) Surpluses or deficiencies revealed during any one stocktaking can be adjusted up to a net book value of £5,000 on the authority of the relevant chief officer or their authorised representative. Above this amount surpluses or deficiencies must be reported to the Chief Financial Officer who can approve write-offs or adjustments. The Chief Financial Officer will have the right to report any write-off or adjustment to the Executive if they consider this appropriate.
- (d) Surplus or obsolete items of stocks and stores up to a total book value of £5,000 at any one time may be disposed of by a chief officer or their authorised representative. Where the book value is over this figure but the resale value is considered to be below this, the chief officer should arrange for a suitably qualified second person to give a written confirmation of the valuation prior to disposal. Where the estimated resale value is above £5,000, the agreement of the Chief Financial Officer is necessary and, wherever appropriate, disposal will be by competitive quotation or tender. A record should be kept of all details relating to disposals.

### **INSTRUCTION 12**

#### ***Inventories and consequential action***

- (a) Items costing over £1,000 should be included on an inventory. Additionally, lower value attractive and portable items should be included, subject to a minimum value of £500. All inventories will be kept in a form approved by the Chief Financial Officer.
- (b) Each chief officer will be responsible for ensuring that an annual check of all items on the inventory is carried out and for taking action after consultation with the Chief Financial Officer in relation to any surpluses or deficiencies and noting the inventory accordingly. Deficiencies due to irregularity should be reported to Executive, if the Chief Financial Officer considers this appropriate.
- (c) The Chief Financial Officer or his or her representative may at all reasonable times have access to all property of the Council and may make such checks and tests as they deem reasonable.
- (d) The Council's property must not be removed from County Council premises except in the ordinary course of the Council's business, or used

otherwise than for the Council's purposes except in accordance with specific directions issued by the chief officer or his or her authorised representative and agreed by the Chief Financial Officer. A record of such removals will be maintained at the establishment concerned.

- (e) Surplus or obsolete items of any one commodity up to a total book value at any one time of £5,000 may be disposed of by a chief officer or their authorised representative. Where the book value is over this figure but the resale value is considered to be below this, the chief officer should arrange for a suitably qualified second person to give a written confirmation of the valuation prior to disposal. Where the estimated resale value is above £5,000, the agreement of the Chief Financial Officer is necessary and whenever appropriate disposal will be by competitive quotation or tender. A record should be kept of all details relating to disposals.
- (f) Chief officers or their authorised representatives should follow standard corporate procedures for the redistribution, sale or disposal of surplus items of computer and ICT equipment. These procedures will be prepared by the Head of ICT, with the agreement of the Chief Financial Officer.

### **INSTRUCTION 13**

#### ***Income records and grant claims***

- (a) The collection of all monies due to the Council, including income from trading activities, should be under the control of the Chief Financial Officer. They will require that all monies due are promptly recorded, are collected in accordance with an approved collection strategy and all monies are promptly banked.
- (b) The records kept by each department relating to income will be in such form as may be approved by the Chief Financial Officer.
- (c) All official receipt forms, receipt books, tickets and other documents of a similar nature will be ordered, controlled by, and issued by the Chief Financial Officer unless they have agreed alternative arrangements. Every issue of any such document should be authorised by the chief officer of the department concerned or his or her nominated officer and acknowledged by the signature of the employee receiving the document.
- (d) No employee or agent shall give a receipt for money received on behalf of the Council on any form other than an official receipt form.
- (e) Chief officers of departments will designate and maintain a list of employees as accounting officers for the purpose of receiving monies due to the Council. These employees must maintain a record of their receipts

and bankings in the form and manner prescribed by the Chief Financial Officer. The Chief Financial Officer will issue instructions regarding the frequency of deposit either with himself or herself or by payment into a bank account or Giro Bank.

- (f) Each officer paying money into a bank account of the County Council must show on the paying slip the amount of each cheque paid in and sufficient information to identify the individual transaction, e.g. receipt number, name of debtor.
- (g) Monies received by an accounting officer will be banked intact and must not be used to meet expenditure or to cash postal orders or personal or other cheques.
- (h) Chief officers should ensure that all grants and external funding income is promptly claimed and proper records and working papers are retained to justify claims.

#### **INSTRUCTION 14**

##### ***Write-offs***

- (a) An amount due to the County Council must only be discharged by payment or by write-off in accordance with the following system.
- (b) Amounts up to £20,000 in any one case may be written-off by the Chief Financial Officer with the agreement of the chief officer of the department concerned. In special categories of write-offs, such as library issues, the Chief Financial Officer may authorise chief officers or nominated officers to write-off debts on their behalf.
- (c) Amounts over £20,000 in any one case may be written off by the Chief Financial Officer after consultation with the Leader or their nominee except that, in the case of debts of organisations in liquidation, receivership or bankruptcy where the Director of Law and Governance advises there is no reasonable prospect of recovering any monies or debts partially recovered by means of an out of court settlement where the Director of Law and Governance advises there is no reasonable prospect of recovering any further monies, these may be written off directly by the Chief Financial Officer.
- (d) The Chief Financial Officer will have the right to report any write-off to the Executive if he considers this appropriate.

#### **INSTRUCTION 15**

##### ***Review of charges***

- (a) The Chief Officer of each department shall ensure that all charges for County Council services follow corporate charging policies, including that they are reviewed at least annually at the time of the preparation of the budget. Rents should be reviewed at least triennially unless they are subject to any longer review period under the terms of the rental agreement.
- (b) Chief Officers can decide on the pricing of discretionary services, i.e. traded services in consultation with the Chief Financial Officer and in compliance with corporate charging policies. They must seek to cover all costs, including overheads, and where appropriate to make a profit, on all such activity. Where services are supplied within the County Council, any charges should not, as a matter of principle, seek to make a profit.
- (c) Charges for Statutory Services - where it is proposed to introduce, revise, or discontinue charges for statutory services, these must be subject to legal compliance, and consultation with the Chief Financial Officer before the proposal is progressed. Changes may be approved by the Chief Officer concerned following consultation with the Chief Financial Officer and appropriate Executive Lead Members.
- (d) Charges below £100 should be paid upfront where possible through payment at point of sale, e.g. card payment, and not via an invoice, unless the Chief Financial Officer has approved an exception.
- (e) During budget monitoring, where forecast income from fees and charges is more or less than that budgeted by 5% or £20,000, whichever is greater, Chief Officers should work closely with the Chief Financial Officer to determine the best course of action. Further advice is provided in the corporate charging policy.

**INSTRUCTION 16**  
***Banking arrangements***

- (a) Arrangements with regard to the County Council's bank accounts, including Giro Bank accounts, will be made by the Chief Financial Officer.
- (b) Cheques, except those used by imprest accounts, will be ordered and controlled by the Chief Financial Officer who will make proper arrangements for the safe custody of blank cheques and the preparation, signing and despatch of cheques.
- (c) All County Council bank accounts, including imprest accounts, must include "Leicestershire County Council" in their titles and in no circumstances must an account be opened in the name of an individual or individual establishment. Special arrangements may be made by schools under specific legislation.

- (d) Cheques drawn will bear the pre-printed signature of the Chief Financial Officer, or be signed by the Chief Financial Officer, or by an employee duly authorised by the Chief Financial Officer.
- (e) Schools that operate the Extended Bank Account Scheme are subject to specific regulations. These are contained within that Scheme's manual for guidance.

### **INSTRUCTION 17**

#### ***Salaries, wages and pensions***

- (a) The payment of all salaries, wages, pensions, compensation and other emoluments will be made by the Chief Financial Officer or under arrangements approved and controlled by him or her.
- (b) Chief officers will arrange for the Chief Financial Officer to be notified as early as possible, and in the form prescribed by him or her, of all matters affecting the payment of items referred to paragraph (a) above and in particular:
  - (i) appointments, resignations, dismissals, suspensions, secondments and transfers;
  - (ii) absences from duty for sickness or other reason, apart from approved leave;
  - (iii) changes in remuneration, other than normal increments and pay awards and agreements generally applied; and
  - (iv) information necessary to maintain records of service for superannuation, income tax and national insurance.
- (c) Tax, pension, national insurance and all other deductions from pay and related matters must be recorded and controlled in such a manner as determined by the Chief Financial Officer.
- (d) All time records or other documents relating to salaries and wages will be in a form prescribed or approved by the Chief Financial Officer and shall be checked and authorised in appropriate establishments or departments. They should be signed by or on behalf of the Chief Officer. The Chief Financial Officer will make information available regarding employees' pay details to establishments/departments to provide a means of verifying the accuracy of the pay records.
- (e) Advice should be sought from the Chief Financial Officer on proposed payments to non-staff members which may require the County Council to deduct tax.

**INSTRUCTION 18**  
***Insurance of risks***

- (a) Chief Officers will ensure, following consultation with the Chief Financial Officer and Director of Law and Governance, that the Executive is advised at key stages in the process of any litigation or disputes resolution where the County Council is at risk of paying significant damages or costs.
- (b) Chief officers will arrange that the Chief Financial Officer is notified immediately in writing of any fire, loss, liability or damage, or any event likely to lead to a claim.
- (c) Chief officers must obtain the prior approval of the Chief Financial Officer and the Director of Law and Governance to the terms of any indemnity which the County Council is requested to give.
- (d) A chief officer may, at his or her own discretion, arrange to provide insurance cover against risks not normally covered by the County Council as a whole. Such cover must be arranged via the Chief Financial Officer.

**INSTRUCTION 19**  
***Security of assets***

- (a) Each Chief Officer is responsible for ensuring that arrangements are made for maintaining proper security at all times for buildings, stocks and stores, vehicles, furniture, equipment, cash, etc. under his or her control. They will consult the Chief Financial Officer in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- (b) Maximum limits for cash holdings will be agreed with the Chief Financial Officer and must not be exceeded without his or her express permission.
- (c) Safes must be kept locked and the key removed. The chief officer concerned must ensure that arrangements are made for the safe custody of keys to safes and similar receptacles. The loss of any such keys must be reported to the Chief Financial Officer immediately.

**INSTRUCTION 20**  
***Unofficial funds***

- (a) Where an employee of the County Council, by reason of his or her employment with the County Council, has any responsibility for a fund other than an official fund, this is deemed to be an unofficial fund under this Rule. It should be the responsibility of each chief officer to be aware of the existence of all unofficial funds involving employees under his or

her control, and to arrange for a regular review of the completeness and accuracy of records and arrangements.

- (b) The chief officer will agree with the Chief Financial Officer the type and extent of audit required for each particular fund, after taking into account the nature of activities covered, and the degree of risk. In no circumstances must unofficial monies be mixed in with official receipts for the County Council. Where several unofficial funds are kept by the same officer, the funds should always be separate and readily identifiable.

### **INSTRUCTION 21**

#### ***Private property***

The Chief Financial Officer shall, in conjunction with the appropriate chief officer and the Director of Law and Governance, prescribe rules for the protection of private property of individuals who are in the care of the County Council.

### **INSTRUCTION 22**

#### **Schools Funding Regulations**

- (a) The School Standards and Framework Act 1998, through the Leicestershire Scheme for Financing Schools allows governors of schools to determine their own arrangements for payroll, ordering and payments to suppliers, the collection of income and banking.
- (b) The Act also confirms the Chief Financial Officer's overall responsibility for ensuring that arrangements for the proper administration of the school's financial affairs are in place.
- (c) When undertaking this role, the Chief Financial Officer will wish to be assured that the Standard Financial Instructions outlined in the document are in place. They will also wish to be assured that the financial requirements on schools contained in the Scheme for Financing Schools are being carried out.

**[end of Standard Financial Instructions]**

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